

MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE

Santa Fe, New Mexico

June 30, 2003

EXECUTIVE SESSION

The City of Santa Fe is a Party Amicus in the Case of Minnow v. Keys Recently Decided by the Tenth Circuit. Discussion is Requested on the Impact of That Decision on the City's San Juan Chama Project Water in Order to Review Litigation Options in That Case and on Related Litigation That is Threatened as a Result of That Decision. The Session is Sought Pursuant to §10-15-1 H(7) and (8) NMSA. (A Quorum of the Governing Body Will be Present.)

City Attorney Bruce Thompson requested that the Governing Body go into Executive Session for the purposes stated on the Agenda.

Councilor Ortiz so moved. Councilor Coss seconded the motion, which passed on the following Roll Call vote:

For: Councilor Bushee; Councilor Coss; Councilor Heldmeyer; Councilor Lopez; Councilor Ortiz; Councilor Pfeffer.

Against: None.

Not present for this action: Councilor Chavez; Councilor Wurzburger.

Also present for this action: Mayor Larry Delgado.

[A quorum of the Governing Body was in Executive Session from approximately 5:00 p.m. until approximately 6:15 p.m.]

CALL TO ORDER

A regular meeting of the City of Santa Fe Finance Committee was called to order on this date at approximately 6:15 p.m. in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

Members Present:

Councilor Carol Robertson Lopez, Chair
Councilor Miguel M. Chavez
Councilor Karen Heldmeyer
Councilor Matthew E. Ortiz
Councilor Rebecca Wurzbarger

Members Excused:

None.

Other Governing Body Members Present:

Councilor Patti J. Bushee
Councilor David Pfeffer

Staff Present:

Ms. Kathryn Raveling, Finance & Budget Division
Ms. Terrie Medina, Finance & Budget Division

MOTION TO COME OUT OF EXECUTIVE SESSION

Councilor Wurzbarger moved to come out of Executive Session. Councilor Heldmeyer seconded the motion, noting that the only items discussed were those on the Agenda. The motion passed 3-0 by voice vote, with Councilor Heldmeyer, Councilor Chavez and Councilor Wurzbarger voting for, and none against. [Not present during this action: Councilor Ortiz.]

APPROVAL OF AGENDA

Councilor Chavez moved approval of the Agenda, as published. Councilor Heldmeyer seconded the motion, which passed 3-0 by voice vote. [Not present for this action: Councilor Ortiz.]

APPROVAL OF CONSENT AGENDA

**Upon motion by Councilor Chavez, seconded by Councilor Heldmeyer, the following Consent Agenda, as published, was approved 3-0 by voice vote.
[Not present for this action: Councilor Ortiz.]**

7. Bid Openings:
 - a) Bid No. 03/49/B — Governor Miles Road Extension Project; A.S. Horner, Inc.
 1. Request for Approval of Budget Transfers — Various Funds.
 - b) Bid No. 03/54/B — Traffic Signal at Jaguar Drive and Paseo del Sol and School Project; McDade Woodcock, Inc.
 1. Request for Approval of Budget Transfer — Signalization Impact Fee Fund.
8. Request for Approval of Grant Contracts — State Agency on Aging.
 - A. Foster Grandparent Program (FGP)
 - B. Retired and Senior Volunteer Program (RSVP)
 - C. Senior Companion Program (SCP)
9. Request for Approval of Grant Agreement — Juvenile Accountability Services; New Mexico Children, Youth and Families Department.
 - A. Request for Approval of Budget Increase — Grant Fund.
10. Request for Approval of Lease Agreement — Parking Lot for Public Parking; Roman Catholic Church Archdiocese of Santa Fe.
11. Request for Concept Approval to Lease Airport Land — Air Medical Response and Fixed Base Operating Business; Air Life Flight.
12. Request for Approval of Memorandum of Agreement — Police Overtime for Security Services; Santa Fe Civic Housing Authority, Inc.
 - A. Request for Approval of Budget Increase — General Fund.
13. Request for Approval of Amendment No. 1 to Project Agreement — Operation DWI; New Mexico State Highway & Transportation Department.
 - A. Request for Approval of Budget Increase — General Fund.

14. Request for Approval of Amendment No. 1 to Professional Services Agreement — Website Development and Design Services for CVB; Maverick Advertising & Public Relations, Inc.
15. Request for Approval of Amendment No. 1 to Professional Services Agreement — Public Relations Services for CVB; Locas, Inc., dba Steve Lewis.
16. Request for Approval of Procurement Under Cooperative Agreement City of Albuquerque — Three (3) Refuse Collection Vehicles and One (1) Automated Side Load Vehicle for Solid Waste; Truck West.
17. Request for Approval of Professional Services Agreement — Security Services for GCCC (RFP No. 2003/26/P); Akal.
18. Request for Approval of Sole Source Procurement and Professional Services Agreement — Cost-of-service Study & Rate Restructuring Project; Integrated Utilities Group, Inc.
 - A. Request for Approval of Budget Increase — Water Enterprise Fund.
19. Request for Approval of a Resolution Authorizing and Approving Submission of a Completed Application for Financial Assistance and Project Approval to the New Mexico Finance Authority. (Councilors Robertson Lopez, Bushee, Chavez, Wurzbarger, Heldmeyer, Mayor Delgado)
 - A. Request for Approval of Budget Adjustments — General Fund/ State Fire Fund.

APPROVAL OF MINUTES: June 16, 2003

Upon motion by Councilor Ortiz, seconded by Councilor Heldmeyer, the Minutes of the June 16 meeting were approved, as submitted, 4-0 by voice vote.

DISCUSSION AGENDA

Request for Approval to Publish Notice of Public Hearing on August 13, 2003, of an Ordinance Repealing Section 14-9.3(C) SFCC 1987 and Creating a New Section 14-8.14 Regarding Impact Fees, and Amending Section 14-12 SFCC 1987 Regarding Definitions. (Councilors Bushee, Chavez)

Councilor Chavez moved to publish notice of a public hearing on August 13. Councilor Heldmeyer seconded the motion.

Interim Planning Division director Reed Liming reviewed two additional changes made by staff and the consultant, Duncan & Associates, to the version of the ordinance approved by the Finance Committee on May 23:

1. Older Subdivisions Exempted: Page 3, lines 9 and 10, exempts all lots in residential subdivisions receiving final plat approval by the Planning Commission prior to April 1, 1991, which is consistent with current impact fee language in Chapter 14.
2. Revised Fee Schedule: Road impact fees, and therefore total impact fees, dropped slightly based on a correction to the Impact Fee CIP. Total fees for a single family detached home (0-1,500 square feet of heated living area) dropped from \$2,126 to \$2,049.

Mr. Liming distributed a comparison of current and proposed impact fees in nine categories, as well as a list of current and proposed fees currently under consideration (or recently adopted) in five fee categories: Impact Fees; Water UEC; Wastewater UEC; Building Permit Fee; and Plan Review Fee. *[Submitted herewith as Exhibit "A."]*

Councilor Ortiz asked if the City has a CIP plan in place and ready to implement for traffic signals, fire and police, once the impact fees are approved.

Mr. Liming responded by clarifying that the public hearing on August 13 for the impact fees will be immediately preceded by a resolution setting out, through 2010, CIP projects the City has identified as eligible to receive impact fee funds.

Councilor Ortiz said he thought it would make more sense to adopt the CIP plan at least one meeting in advance of the impact fees ordinance. He said impact fees could then be adopted to reflect the priorities in the CIP plan.

Councilor Ortiz proposed an amendment to set up an interim committee of Finance Committee members and Finance and Planning & Land Use staff, interested members of the public and the industry, to go through the CIP plan in more detail and charge out the potential costs.

Councilor Ortiz expressed concern that the City not create impact fee “slush funds” with nothing to apply the proceeds to. He also said he wanted to make sure that the impact fees, which were substantial, would go to projects that are geographically related to the building permits being pulled.

The amendment was *not* accepted as friendly.

Councilor Ortiz stated that these impact fees are aimed at the commercial sector, so he thought it important to hear what representatives had to say about the fees, as well as the general public.

Responding to questioning from Councilor Heldmeyer, Mr. Liming stated that 40% of the Capital Impact Advisory Committee is made up of representatives in the construction industry.

Noting that the CIAC has been meeting for two years on this issue, Councilor Heldmeyer pointed out that these proposed fees were not being “pulled out of thin air.”

Councilor Ortiz said he realized that, but thought “another wash of this would not be a disadvantage — it makes it a cleaner product.”

Councilor Chavez agreed that the fees were substantial, but pointed out that whether people agreed with them or not, builders have said “loud and clear” that they would pass the fees along to the buyers rather than taking them out of their profits.

Councilor Chavez also pointed out that these proposed impact fees have gone through the Public Works Committee twice, where there was an advertised public hearing, and no one came forward to speak.

Councilor Wurzbarger observed that one scenario would create impact fees of \$6,600 on a single family home with 2,000 square feet. She commented that the builders might indeed see this as a pass-through to the general public and say it’s fine, but she would like to hear what the general public has to say about it.

Councilor Wurzbarger also expressed concern that the Governing Body have a clear understanding of “what we’re getting for the money.” For that reason, she said,

she would like to see the CIP plan adopted first, followed by an analysis of how the fees would correspond with the projects in the CIP plan.

Councilor Wurzburger proposed an amendment that this public hearing be published after the date the Council approves the CIP plan.

The amendment was *not* accepted as friendly.

Councilor Wurzburger moved an amendment that this ordinance be published for the second Council meeting in August (August 25), with the assumption that the Council would hear the CIP plan on August 13.

Councilor Ortiz seconded the motion.

Councilor Heldmeyer moved that, between now and the time this ordinance comes up for publication, there be a Capital Impact Advisory Committee meeting that is heavily advertised as a public hearing.

The amendment was *not* accepted as friendly.

Councilor Bushee suggested that a study session be held to discuss both the CIP plan and the impact fees ordinance together.

The motion tied, with Councilor Ortiz and Councilor Wurzburger voting for, and Councilor Chavez and Councilor Heldmeyer voting against. The motion passed 3-2 by voice vote after Chair Lopez voted in favor.

Following discussion, it was agreed that the Finance Committee would hold a study session, to discuss the CIP plan and impact fees ordinance, at 4:00 p.m. on July 21, followed by its regular meeting at 5:15 p.m. Staff agreed to run an advertisement announcing that “public comment” would be entertained following the discussion.

Request for Approval of Proposed Revisions to City of Santa Fe Purchasing Manual — Section 15.4 Resident and Local Preference. (Postponed from Finance Committee Meeting of June 16, 2003.)

Ms. Raveling distributed language on Federal Assistance or Contract Procurement Requirements. She explained that the Model Procurement Code for state and local governments does not address local preferences. *[See Ms. Raveling’s memorandum, submitted herewith as Exhibit “B.”]*

Ms. Raveling referred to language on page 56, Section 15.4.4 (Application for Local Preference), where she was proposing that the preference factor for resident

and local preferences shall be .92 and the local preference for proposals shall be 1.08. She said the .92 would reflect the 8% preference for bids and the 1.08 preference for proposals would also reflect the 8% preference.

Ms. Raveling also called attention to changes on page 58, now reflecting 5% resident preference or 8% local preference under the Limitation section. She said she also deleted the reference to \$1,000,000 in the Application section based on the Committee's desire not to have any limit.

Ms. Raveling stated that she consulted with City Attorney Bruce Thompson on Councilor Ortiz's concern about using state or federal funds. She said that, while they could not find any exceptions for that, she has recommended a change in the language to reflect that a federal or state grant must specifically say that the local preference is prohibited. She said the department would be required to turn that in to the Purchasing Office to verify that it was indeed prohibited.

Continuing, Ms. Raveling commented that, although most of the time local preference would be prohibited in federal and state grants, Mr. Thompson was still researching this issue. She asked the Committee to approve the language to allow the City some "wiggle room" in the meantime.

Councilor Ortiz moved for approval. Councilor Heldmeyer seconded the motion.

Chair Lopez requested additional language reflecting that an analysis be done within the first six months of implementation, and at the end of six months, on what the cost is, at which time it can be decided whether the fiscal impact is reasonable or whether it should be reduced.

This language was accepted as friendly.

Councilor Ortiz commented that this increase in resident and local preference should mitigate some of the potential negative impact that the living wage ordinance would have on City contractors who contend they cannot pay their employees the higher rates.

Councilor Heldmeyer asked that the analysis differentiate local vs. resident preference.

Asking the Committee for clarification, Ms. Raveling stated that the resident preference (the state preference) has a \$5 million limit under the State Procurement Code. She asked the Committee if it wanted that limit to go away on the resident preference as well. She said this would mean there would be no limit on any bidder within New Mexico.

Chair Lopez suggested that the limit be removed for now, since whether or not that was fiscally prudent would be reviewed within six months of implementation.

The motion, as amended, passed 4-0 by voice vote.

**Request for Approval to Publish Notice of Public Hearing on
August 13, 2003, of an Ordinance Creating a New Section 25-2.10
SFCC 1987 Creating a Voucher Program for Water Conservation
Methods Including a Rainwater Harvesting Barrel Program.
(Councilors Pfeffer, Coss)**

Councilor Pfeffer discussed the goal of this ordinance, which would realize the goal of furthering water harvesting through encouragement of the local cottage industry that has developed around this.

Chair Lopez asked Councilor Pfeffer if he had calculated how many rain barrels would be distributed using the \$98,600 budgeted from the City of Santa Fe Conservation Fund, and Councilor Pfeffer said the number would probably be 1.5 and 2 times the number of barrels that would have been purchased from HGI in Vermont.

Chair Lopez said she had actually calculated that the number would be 3,300 barrels based on the proposed \$30 per rebate.

Councilor Pfeffer stated that the title of the ordinance speaks to “voucher program for water conservation methods” so other voucher programs could be incorporated into the ordinance, if desired.

Councilor Heldmeyer asked what would prevent a dealer from raising the prices of their barrels. She said a dealer with a \$50 barrel could price it at \$70 with a \$10 rebate, which would be doubled by the City.

Councilor Pfeffer responded that there is a market value to barrels, and there are at least a dozen sellers in competition with each other. He added that a \$70 barrel with a \$10 discount offered by the dealer, which would be doubled by the City, would mean the buyer would be paying \$40. He said that is considered a “low-end” barrel in terms of actual market value, so while somebody could be unscrupulous, they would not be in business very long.

Councilor Heldmeyer said she saw at least one so-called low-end barrel at the Water Fair last weekend “which was a Rubbermaid trashcan with some netting over the top.”

Councilor Pfeffer responded that he thought it would be a good idea to include a definition of rain barrel that would incorporate minimum standards “as long as they weren’t solely describing the barrel out of Vermont.”

Councilor Heldmeyer said the problem was that the Water Conservation Committee — which includes a number of landscapers — felt there should be certain minimum standards, but local vendors objected to them as unfair because they were providing a different kind of barrel.

Dan Ransom, of the Water Division, said allegations by local vendors that the City developed specifications based on HGI’s barrel design were not true: “Actually, it was the opposite. We came up with specifications based on a rain barrel that...will handle the overflow, but one of the important components of the rain barrel was that it be animal and child safe.... We thought that was very important. When we put out the specifications for these rain barrels, we did go around the city looking for what was out there. We did find the barrel that Santa Fe Greenhouses carries, which is the same barrel. That did meet those specifications, and there actually are other barrels that meet those specifications. They just were not bid.”

Chair Lopez asked why the City couldn’t just give people \$30 toward the purchase of a rain barrel. She commented that a rain barrel might wholesale for \$50 and be marked up to \$100 by a vendor. She said markups vary from one dealer to another and are personal decisions.

Councilor Pfeffer responded that the City of Albuquerque has a discount program, which he thought flawed — they have a one-time \$25 rebate if someone purchases a rain barrel. He said, “I felt, and Councilor Coss felt, that it was an improvement to encourage local business and to help the local customers by offering something in lieu of the straight ‘you pay us \$40, you get the \$78 barrel.’ ”

Councilor Ortiz commented that he found the idea of a \$30 voucher intriguing, since someone could choose to buy up to three barrels and get a \$10 voucher for each. He said, “I don’t know if necessarily offering a discount for dealers by assisting in making a pricing decision makes that much sense.”

Remarking on Councilor Heldmeyer’s concern that an unscrupulous dealer could artificially increase the price of a barrel, Councilor Ortiz suggested language saying, “Any dealer entitled to authorize or issue any voucher shall warrant the cost of any rain barrel in advance of implementation.” He said the ordinance should also define “rain barrel.”

In explaining the rationale for his suggested language, Councilor Ortiz said consumers would essentially be making pricing decisions by looking for the best deal on a rain barrel.

Councilor Pfeffer said he thought that might address Councilor Heldmeyer's concern.

Councilor Ortiz moved approval to publish the ordinance with an additional paragraph 8, renumbering the rest of the paragraphs accordingly, stating:

Any dealer entitled to authorize or issue any voucher shall warrant the cost of any rain barrel in advance of implementation of this program.

Councilor Ortiz asked staff to develop a definition of "rain barrel."

Councilor Wurzbarger seconded the motion.

Councilor Bushee suggested that the Water Conservation Committee review the language and approve it.

Councilor Bushee asked Mr. Ransom how much additional work on the part of staff would be involved in implementing this ordinance. She expressed concern that the costs not wipe out the savings that were supposed to be realized by the City.

Councilor Bushee said she only knew of two barrels that were actually generated for reuse from Santa Fe — Ed Grothus in Los Alamos, and a friend of hers who collects old Coca-Cola barrels — and all of the other rain barrels were imported from Europe, Spain or Greece and originally held olives and other things. She commented, "It's not like we're doing some sustainable local economy thing here with this approach.... If this is now going to involve staff time to not only enforce a voucher program through the billing system, and also to do inspections, I'd like to know what that means in dollars and cents to the community."

Mr. Ransom responded that the voucher program as proposed will require one FTE to establish and maintain the program, and do inspections. He said the fiscal impact would be an estimated \$43,000 with benefits.

Councilor Chavez noted that there are already ordinances on the books that Mr. Ransom has been unable to enforce, e.g., the commercial retrofit ordinance, "and now we're asking him to do more."

Councilor Chavez remarked, "I don't see this as a rebate program. This is more of a contract dictating pricing and dollar amounts. And this ordinance isn't going to hold true next year because we don't know how much we're going to spend on rain barrels next year."

Councilor Ortiz restated his motion as follows: to move approval to publish the ordinance, and to strike the language in paragraph 7 and replace it with the following language, as previously read into the record:

Any dealer entitled to authorize or issue any voucher shall warrant the cost of any rain barrel in advance of implementation of this program.

and that the definition of “rain barrel” be referred back to the Water Conservation Committee for their input.

Councilor Ortiz said he supported the idea that the City should be out of the rain barrel program, but was persuaded by the Water Conservation Committee and its chair, Councilor Coss, that the City should be encouraging people through economic incentives to do what they would normally do anyway. He said that would best be done by giving a rebate or voucher to people rather than compelling them to buy one particular product from one particular vendor — the City — in order to get the economic advantage of that.

Councilor Wurzbarger said she completely agreed with Councilor Ortiz. She noted that one of the unanticipated consequences of the Council’s decision to buy rain barrels from the Vermont firm was “the very important issue of local suppliers. I think we made a bad decision by not fully exploring the possibility... that local people couldn’t provide this.”

Councilor Heldmeyer asked if she was correct that there was nothing in this ordinance that would prevent people from buying rain barrels from an Albuquerque dealer, and Councilor Pfeffer responded that this was correct.

Councilor Heldmeyer asked Councilor Ortiz if his recommended language meant City staff would have to inspect people’s rain barrels to ensure they met the minimum standard.

Councilor Ortiz responded that his language anticipated that the City would tell all suppliers, “If you think your product meets our definition of rain barrel, come over on Monday morning and show us your product, and if your product meets specifications, you will become an authorized supplier that will entitle you to pass out vouchers.” He said vendors would have a sign they could post in their window announcing, “We give out City of Santa Fe rebate coupons.”

Noting the \$98,600 budget limitation, Councilor Ortiz said it would be a first-come-first-serve process, and people taking advantage of this should be informed that they could miss out on the rebate if they turned the coupon in too late. He predicted that this would be a very popular program, and the danger was that the City would have more rebate coupons submitted than it was authorized for.

Councilor Heldmeyer said she hoped the Finance Committee would discuss, in the future, a unified program where rebates are given for all kinds of water conservation measures, e.g., low flow washers.

Water Wise program administrator Maya Martinez clarified that the Water Conservation Committee is looking at these possibilities.

Chair Lopez asked that this item be brought back to the Finance Committee after the Water Conservation Committee review.

The motion passed 4-0 by voice vote.

Response to Matters From the Committee:

Review of Consultants Draft Civic Center Feasibility Study.

[Postponed to next meeting.]

ADJOURN

Its business completed, the Committee adjourned the meeting at approximately 7:30 p.m.

Accepted by:

Councilor Carol Robertson Lopez, Chair

Reviewed by:

Kathryn Raveling, Finance Director

Submitted by:

Judith S. Beatty, Recorder